

# ARKANSAS SECURITIES DEPARTMENT

## FY 2018 – FY 2019 STRATEGIC PLAN

**MISSION:** Promote an environment in which the securities and financial markets within the department's jurisdiction function efficiently and without unnecessary regulatory impediments and in which the Department protects the financial well-being of Arkansas citizens through effective consumer protection and education.

**VISION:** Provide and promote: Arkansas consumer protection from financial fraud and abuse; responsible capital formation; efficient and sound financial markets; and investor education.

**CORE VALUES:** Integrity, Efficiency, Accountability, Results, Leadership, Transparency

### GOAL 1: PROTECT THE FINANCIAL WELL-BEING OF ARKANSAS CITIZENS.

Goal 1 aligns with the Arkansas State Strategy Goals: Safe, Efficient and Responsive, Quality of Life

Measurable Objective 1: Provide financial protections for Arkansas citizens regardless of financial wherewithal or level of sophistication.

Strategy 1: Thoroughly review applications from regulated industries to deny bad actors in the regulated financial industries.

*Emphasis has been placed on the initial registration process in an effort to prevent problems before they occur through increased scrutiny of new applicants and a more detailed review at ongoing disclosed issues.*

Strategy 2: Assist citizens with the resolution of their inquiries and complaints in a timely, knowledgeable, professional manner.

*The majority of inquiries and complaints received by the Department come from senior citizens. Recent legislation initiated by the Department enacted provisions to help protect vulnerable adults from financial exploitation. Staff will work with industry to apprise brokers and advisers of how they can detect and report cases of financial exploitation.*

Strategy 3: Investigate and pursue violations of statutes and rules with appropriate enforcement proceedings.

*Enforcement matters come from many different sources including: customer complaints, referrals from other regulators, and examinations of registrants. Staff will work to shorten time needed to investigate and take appropriate action with allegations of violations. With a better retention rate of key personnel the Department will be more efficient in processing enforcement matters.*

Strategy 4: Perform examinations of registrants to ensure compliance with applicable statutes and rules.

*Compliance examinations of Arkansas based registrants are performed on a three year cycle. Compliance exams have become increasingly more detailed and sophisticated to detect violations that cause direct harm to investors, such as unsuitable recommendations, unethical activities, and reverse churning. For cause examinations are performed using a risk based determination of the firms to be examined. With a better retention rate of key personnel the Department will increase the number of annual exams.*

Measurable Objective 2: Provide effective and appropriate training and forms of encouragement to employees to better serve Arkansas citizens.

Strategy 1: Dedicate specific dates and times to in-house training of staff.

*Provide monthly in-house training sessions for staff on different areas that have been identified for needed training.*

Strategy 2: Retain key employees, including examiners and attorneys, to increase the expertise of staff.

*To combat significant turnover in examiners and attorneys resulting in an expertise and experience gap between new employees and experienced employees nearing retirement, provide appropriate increased opportunities for responsibility and recognition. Hold periodic staff meetings to recognize positive results achieved by employees.*

Strategy 3: Encourage employees to attend national and regional training conferences to increase their knowledge, network with other industry regulators, and develop increased levels of leadership skills.

*Encourage employees to attend national and regional training conferences. Encourage employees to become cross-trained in other areas of regulation. This will provide employees with professional development opportunities that could result in promotion and advancement.*

## GOAL 2: SUPPORT AND FACILITATE RESPONSIBLE CAPITAL FORMATION FOR THE BENEFIT OF BUSINESSES AND INVESTORS.

Goal 2 aligns with the Arkansas State Strategy Goals: Grow, Safe, Efficient and Responsive

Measurable Objective 1: Update legislation and rules to stay current with industry initiatives for capital formation.

Strategy 1: Support and adopt model policies and laws that foster responsible capital formation.

*Monitor and evaluate model laws, regulations, and policies that are developed to allow new initiatives for capital formation. Recent initiated legislation was adopted and rules have been proposed to ease regulatory requirements, create jobs and promote business growth and entrepreneurship.*

Strategy 2: Maintain and build upon existing relationships with other regulators, state and federal agencies, and other policymakers.

*Participate in regional and national conference calls and meetings where new trends are shared in area of capital formation and its regulation.*

Strategy 3: Monitor and respond appropriately to legislative, regulatory, and judicial policy trends, developments, and initiatives concerning capital formation and regulation of financial matters and services.

*Encourage employees to participate in working groups with other regulators to monitor policy trends and initiatives and develop model legislation and rules to respond to these initiatives.*

## GOAL 3: PROMOTE EFFICIENT AND SOUND FINANCIAL MARKETS.

Goal 3 aligns with the Arkansas State Strategy Goals: Grow, Safe, Efficient and Responsive

Measurable Objective 1: Promote efficient and sound financial markets.

Strategy 1: Provide assistance, coordination, and support for jurisdictional, regional, and multi-jurisdictional regulatory inquiries, enforcement actions, and examinations of registrants.

*Continue to participate in multi-jurisdictional enforcement actions and examinations of registrants on inter-state areas of concern. Enter into*

*Memorandums of Understandings and Sharing Agreements with other regulators to facilitate the sharing of confidential information related to enforcement matters.*

Strategy 2: Promote strategic alliances with state, federal, and self-regulatory organizations as well as industry, business, and consumer groups.

*Conduct annual meetings with registrants, primarily investment-advisers, to disseminate and receive information concerning recent developments and trends including changes involving legislation or rules, or items of new concern or concentration.*

Strategy 3: Facilitate the implementation of an effective, efficient, and uniform regulatory system for investment advisers, broker-dealers, issuers, mortgage loan companies, and money services companies.

*Participate in national organizations of regulators that develop and implement uniform electronic filing systems for the areas of regulations under our authority. Encourage money services companies to utilize the NMLS electronic filing system. Encourage private issuers to utilize the EFD to file electronically. Work to expand the EFD to allow UITs and eventually mutual funds to file electronically.*

#### GOAL 4: PROMOTE INVESTOR PROTECTION AND EDUCATE CURRENT AND FUTURE INVESTORS.

Goal 4 aligns with the Arkansas State Strategy Goals: Educate, Safe, Efficient and Responsive, and Quality of Life

Measurable Objective 1: Provide education to investors, teachers, future investors, and others to facilitate informed financial decision-making.

Strategy 1: Strengthen partnerships with Economics Arkansas, Federal Reserve Bank Little Rock branch, and Arkansas Jump\$tart, in our joint efforts to train teachers, students, and others in the areas of investor education and financial literacy.

*Continue to expand the investor education and financial literacy provided to teachers and students in connection with our partners. The appropriation was increased for the grant program for teachers and non-profit organizations to provide investor education.*

Strategy 2: Partner with Department of Career Education to provide basic investor education to students and teachers in the field of career and technical education.

*The adult education program provides basic skills to adults with less than a high school education to provide life skills including financial literacy and investor education.*

Strategy 3: Partner with the Department of Corrections to teach inmates in the reentry program the basics of financial literacy and investor education.

*The reentry program for inmates provides life skills including the basics of financial literacy and investor education in an effort to reduce recidivism.*

Measurable Objective 2: Provide education to investors so that workers will be better prepared financially for retirement.

Strategy 1: Continue to provide educational opportunities to state employees and teachers so that they will be better prepared financially for retirement.

*Continue an ongoing program to reach state employees and teachers to provide educational opportunities so that they will be better prepared financially for retirement. This program has been well received by the state employees and teachers.*

Measurable Objective 3: Provide education to senior citizens, civic groups, and others so that they can make sound financial decisions and avoid being financially victimized.

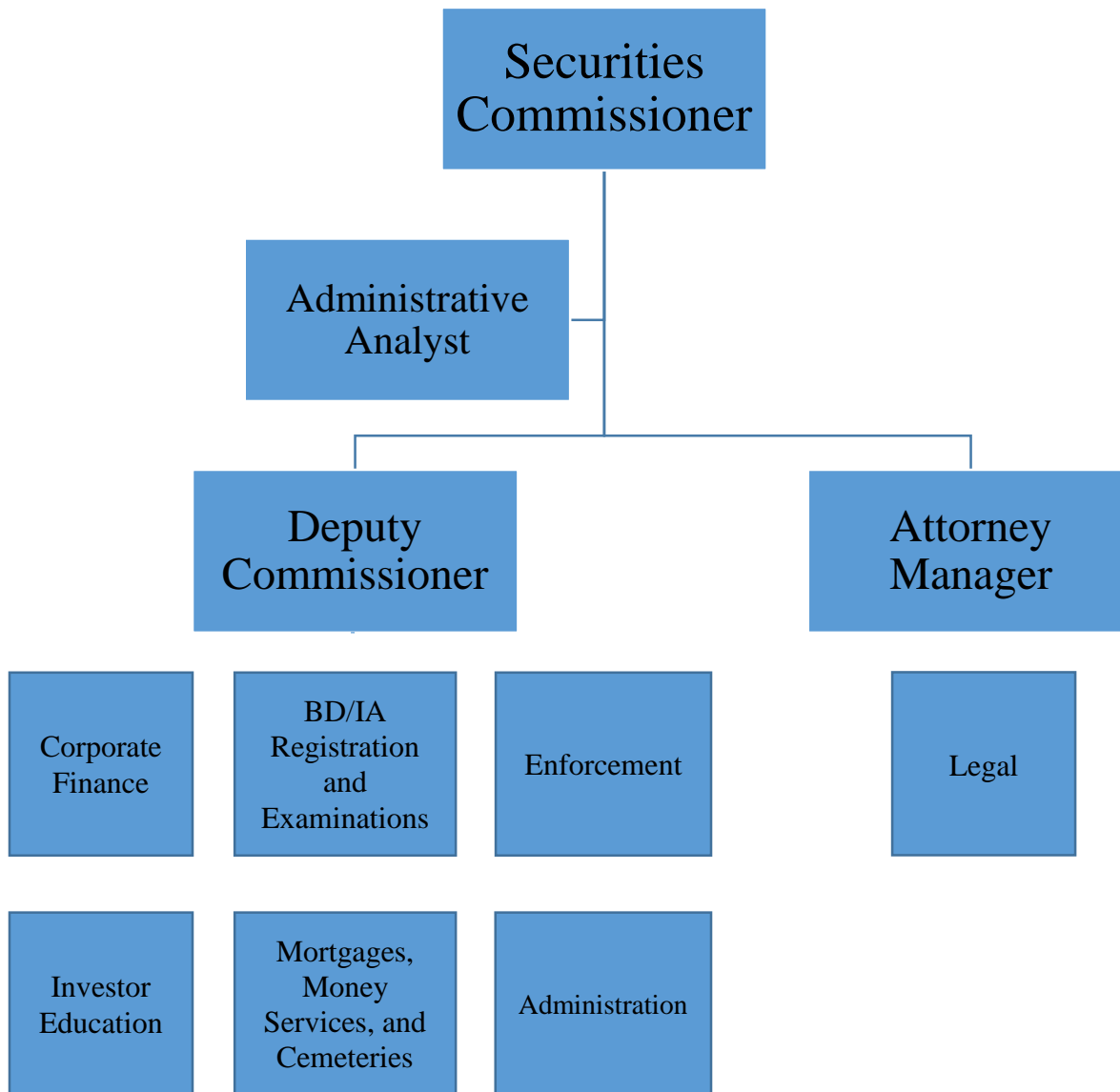
Strategy 1: Continue to provide educational opportunities to senior citizens, civic groups, and others about fraud prevention and basic financial decision making.

*Continue to bring education opportunities to senior citizens and civic groups about fraud prevention and financial decision making.*

Strategy 2: Distribute investor alerts and similar educational materials utilizing press releases and the Department's website.

*Increase the number of investor alerts and education materials utilizing press releases and through the Department's website. These alerts will be centered on recent frauds and illegal activity in our state and region.*

## APPENDIX: ORGANIZATIONAL CHART



### ADDITIONAL PLAN INFORMATION:

### CONTACT INFORMATION:

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